

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02
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TO SECSTATE WASHDC 6989
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USEEC

PARIS ALSO FOR USOECD

PASS TREASURY FOR HUFBAUER AND EXIMBANK

E.O.11652:N/A
TAGS: EFIN, ETRD, OECD, EEC
SUBJECT: EXPORT CREDITS - AIRCRAFT FINANCING

1. US TEAM MET WITH EC COMMISSION (KLEIN AND BREMNER)
AND REPRESENTATIVES FROM UK (GILL, KEMP AND WATTS),
FRANCE (THOUROT, TELLIER AND DUMASY), FEDERAL REPUBLIC OF
GERMANY (GEHRING AND EHRIG) AND THE NETHERLANDS (MEYS AND
SOETING) MORNING OF JUNE 1.

2. US EMPHASIZED NEED FOR ACTION TO AVOID EXPORT CREDIT
WAR IN FINANCING AIRCRAFT SALES. EC COMMENTS RECOGNIZED
DISQUIETING ACTIONS EXISTED AND THE NEED FOR FURTHER
DISCUSSION IN THIS AREA, BUT THERE WAS NO INDICATION THAT
EC MEMBER STATES PREPARED TO MAKE SUBSTANTIVE CHANGES IN
AIRCRAFT FINANCING. NEVERTHELESS, MEMBER STATES AND
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COMMISSION TOOK NOTE OF ISSUES WHICH US TEAM INDICATED
NEEDED ATTENTION, E.G. REPAYMENT TERM, MINIMUM INTEREST
RATE, CASH PAYMENT, ETC.

3. KLEIN SUGGESTED AND MEMBER STATES AND US AGREED THAT
THERE SHOULD BE EXCHANGE OF INFORMATION WITH REGARD TO
FINANCING TERMS OFFERED ON COMMERCIAL JETS. THIS

EXCHANGE OF INFORMATION WOULD ALSO INCLUDE INFORMATION ON NATURE OF LEASE ARRANGEMENTS. THIS WOULD NOT BE IN FORM OF PRIOR NOTIFICATION, BUT IN RESPONSE TO REQUEST FOR INFORMATION.

4. KLEIN ACCEPTED US SUGGESTION THAT FURTHER DISCUSSIONS TAKE PLACE IN WASHINGTON. HE PROPOSED AUGUST 3-4 AS VIRTUALLY ONLY DATE BEFORE SEPTEMBER WHEN MEMBER STATE REPRESENTATIVES WOULD ALL BE ABLE TO ATTEND. US TEAM INDICATED THEY WOULD FIRM UP DATE AND ADVISE COMMISSION AND MEMBER STATES AS SOON AS POSSIBLE.

5. COMMENT: EC PROMISED TO REVIEW SUGGESTIONS PUT FORWARD BY US AND TO RESPOND AT THE AUGUST MEETING. WHILE DISCUSSIONS WERE RELATIVELY FRANK, TIME AVAILABLE PREVENTED PROBING OF INDIVIDUAL MEMBER STATE VIEWS ON VARIETY OF SUBSTANTIVE ISSUES. HOWEVER, THERE WAS A LIVELY EXCHANGE ON QUESTION OF LEASE VS. CREDIT MATURITY WITH GROUNDWORK LAID FOR MORE SUBSTANTIVE DISCUSSION IN FUTURE ON THIS KEY ISSUE.

6. DURING DISCUSSION OF ECGD FINANCING OF PAN AM PURCHASE OF L-1011, JACK GILL STATED THAT IT WAS HIS PERSONAL HOPE THAT UK GOVERNMENT WOULD NOT REPEAT SUCH A FINANCING PACKAGE. HINTON

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